



29 May 2017

BOARD CHANGES

HIGHLIGHTS

- Mr. Mark Gray joins the Board of Allegiance as its Managing Director.
 - Mr. David Deitz has resigned as a Director to focus his time on other interests, in particular, ASX listed Gullewa Limited.
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Allegiance Coal Limited (**Allegiance** or the **Company**) is pleased to advise that Mr. Mark Gray has been appointed by the board as the Company's Managing Director. Mr. Gray is the founding shareholder and presently the Managing Director of the Company's main subsidiary, Telkwa Coal Limited (**TCL**).

Mr. Gray has 30 years corporate and banking law experience gained in law firms and investment banks globally. For the last 15 years, Mr. Gray has worked almost exclusively as both a corporate advisor and a company executive in the resources and mining sector on projects in Australia, New Zealand, Africa, and Canada. This includes chief executive roles in running underground coal operations in Australia, an operating diamond mine in Botswana, and uranium exploration in Tanzania.

Mr. Gray secured the rights to the Telkwa metallurgical coal project from its current owner, Altius Minerals Corporation, in September 2014. From then until November 2016 when the Company acquired TCL, Mr. Gray along with a small group of investors funded TCL during which time they completed a maiden JORC resource, and two internal scoping studies. Since the acquisition by the Company of TCL, Mr Gray has continued to lead the Telkwa Metallurgical Coal Project (**Project**) management team and in particular has led:

- The commencement and undertaking of the Project's pre-feasibility study, which remains on track to be released by 30 June 2017;
- The continuing engagement with the relevant First Nations group, leading to the entering into of the Communication and Engagement Agreement in April 2017;
- The continuing engagement with the BC regulatory authorities and local affected community; and
- The commencement of the baseline environmental studies.

Mr Malcom Carson, Non Executive Chairman, commented:

"I have known Mark for 15 years in which time we have worked on several coal resource and mining transactions together. Mark is a trained lawyer who has a depth of experience and a strong skill set in



the coal and mineral resource sector generally. This includes as Managing Director of Bounty Industries when it was a specialist mining contractor employed by Anglo Coal and Centennial Coal amongst others, to exploit thin seam coal using low profile mining equipment sourced from the US. Under Mark's management Bounty broke many coal production records in Australia using continuous miners. Mark was also the Managing Director of DiamonEx Limited nursing the diamond mining company located in Botswana through a major balance sheet restructuring during and after the global financial crisis.

I am confident that Mark, drawing on his experience and with his systematic and disciplined approach, will lead Allegiance to be a successful metallurgical coal mining company, exploiting a new coal field in Canada near to existing rail and port infrastructure. We welcome Mark to the Board and look forward to his leadership, participation and on-going contribution to the executive management team, and working closely with him to grow shareholder value in Allegiance.

David has been a director of the Company since its formation and we wish to thank him for his careful management on behalf of shareholders. We wish him all the best for the future."

Details of the material terms of Mr. Gray's engagement are as follows:

- Services provided through Gray Corporate Law Pty Ltd;
- Commencement date: 29 May 2017;
- Term : Rolling one month term;
- Retainer: \$15,000 per month plus GST.

For more information, please contact:

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About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company fast tracking a metallurgical coal mine into production in British Columbia, Canada. The Telkwa metallurgical coal project (**Project**) is the Company's flagship project comprising 165Mt of JORC compliant coal resource and has been the subject of extensive historical exploration. Located 1,000 km north of Vancouver, the Project sits uniquely on the western side of British Columbia, immediately adjacent to a major Canadian National Rail line, with a 360 km rail haul to the deep water port of Prince Rupert and Ridley Island Coal Terminal. British Columbia has one of Canada's and North America's most competitive, flexible and supportive business climates. Consistently receiving AAA credit ratings, its vast resources, low taxes, stable and well regulated financial system and Government, makes for a wonderful country in which to invest.